

**Remarks of Congressman William Jefferson
before the Subcommittee on Economic Development, Public Buildings, and
Emergency Management
May 10, 2007**

Madame Chairwoman, I'd like to thank you for the opportunity to speak before the subcommittee today on matters of great importance not only to my constituents, but to the nation as a whole. As we consider how to best deal with the challenges that face us in rebuilding the Gulf coast, we have the opportunity to prevent some things that went wrong from happening in the future. The Stafford Act was designed to provide a comprehensive framework for the government's response to a major disaster. As we have learned, many aspects of it, however well-meaning, worked against their objective. I would like to highlight some of the more pressing needs that our community faced in dealing with the limitations of the Stafford Act and some ways that I suggest we may remove some of them.

Providing transitional housing for our residents who wish to return is the most pressing issue we face. Without adequate transitional housing stock, our residents have no choice but to stay away from the city they call home and begin to rebuild until they have resolved temporary housing needs. A good option for housing displaced residents would be to expand the rental reimbursement program and provide more flexibility to meet the needs of specific disasters. In New Orleans, we have had numerous owners of damaged apartment buildings offer to use their own funds to rehabilitate their property in exchange for guarantees from FEMA that it would pay rents for returnees. In this scenario, local property owners would benefit from having a guaranteed revenue source, and the tenants would be back at home to work out school, job, and permanent housing solutions. They would also be in safe structures. Unfortunately, FEMA did not have the authority to set up such mutually beneficial arrangements and a great opportunity was wasted. The Stafford Act relies too heavily on providing mobile or prefabricated housing units for displaced residents. Housing citizens in trailers is acceptable on a very short-term basis, maybe a month or so. However, in a disaster of Katrina's magnitude, long-term housing in trailers is unacceptable. We now are nearing the two year anniversary of the storm and we still have thousands of residents in trailers. As another hurricane season

approaches, these individuals are in great danger should another catastrophic storm hit the Gulf coast.

Beginning immediately after the storm, and continuing well into the subsequent weeks, nations across the globe volunteered to send financial assistance, manpower support, and goods in kind to help alleviate the situation. Unfortunately, our own incompetence left these generous offers on the table and the needs of thousands of hurricane victims unfulfilled. An allegedly overtaxed FEMA simply did not accept many of these offers, or slowed them down with bureaucratic inertia. From three of our staunchest allies, Canada, Israel, and Great Britain, we declined 54 of 77 aid offers. Offers of communications equipment and medical supplies, two of our most pressing needs, were never accepted. Even when we did physically receive items from abroad, there was no system in place to adequately distribute them. A shipment of medicine and supplies from Italy was left to perish in the elements and were rendered unusable. Almost six million meals spoiled due to inadequate storage capabilities. Considering the tragic suffering of our citizens who were stranded at the New Orleans Convention Center with virtually no sustenance, this massive oversight is especially cruel. The Greek government offered to send two large cruise ships to the Gulf to serve as badly needed hospital facilities and housing for residents and emergency personnel. This offer was rejected by the Department of Homeland Security, who shortly thereafter contracted with Carnival Cruise Lines for two of their ships at a cost of \$249 million. We must increase our storage network's capabilities and establish a streamlined process by which donations in kind can be accepted and distributed. The United States government should never again be in a position to turn down the generosity of other nations due to our own logistical problems.

The safeguards in the Stafford Act designed to ensure that local businesses receive contracts have proven ineffective. Lucrative contracts were given to a small group of national firms, who then had no incentive to give subcontracts to local companies. Worse, local contractors were given low tier contracts, calling upon them to do the actual work but for sometimes one-seventh of the profits received by the large

firms. We have seen a number of businesses in the New Orleans area left out in the cold, watching as trucks with out-of-state license plates performed work that they rightfully should have been doing. Local preference guidelines must be codified to ensure that a specific number of contracts go to businesses in affected areas. The current language as written gives a preference to local businesses, but provides no mechanism or guidelines for its enforcement. Does the local preference mean, all things being equal, the local firm is awarded the contract? Or does it mean competition must be set aside for qualified local firms unless none can be found? The latter construction is the only sure way to ensure that the local program is meaningful.

We have seen the logjam that results at the state level when dealing with CDBG funding. At the federal level, money is allocated based on the needs of damaged areas. Once at the state level, however, this funding is diluted by other interests. Funding that must be approved by the state is slowed down by the legislature. Localities not damaged by the storm but which housed large numbers of evacuees have sought reimbursement for expenses occurred. With their relative strength in the state legislature, this top-down approach results in legislators outside of severely affected areas having a disproportionate influence over where funding ends up. The end result is that badly needed funds are not flowing nearly as quickly as they should nor in the full amounts to ravaged areas that Congress intended. To alleviate this problem and create a more flexible distribution of dollars, money should be granted directly to parishes or counties based on the devastation each sustained.

Due to the sheer magnitude of destruction to our infrastructure, the Gulf coast has countless construction projects funded through project worksheets. When calculating the cost to replace equipment, vehicles, or facilities, the Stafford Act provides that funding will be provided only for an equivalent item. This inflexible policy frequently results in absurd outcomes. If a building has a 20-year old air conditioning system that is completely destroyed, then the only authorized replacement is another 20-year old unit, rather than a new unit that is comparable in performance. A century-old school building can only be renovated to the specifications that existed prior to being damaged, and

cannot be improved in any way. This is simply a valuation issue that requires correction. Reimbursement costs should be provided to items or structures that are similar in function to what was there previously, and not a carbon copy of what is likely outdated equipment.

We have learned a number of lessons as we continue to recover from Hurricane Katrina. Some of these issues were known to be a problem beforehand, and this disaster only served to underscore their importance. Several issues that we face today we are only now discovering for the first time. If there is any good to come from what we have endured, it is to guarantee that this will never happen again. If we can objectively look at our failures and shortcomings in our recovery effort, we can improve our responses to future disasters.

Thank you Madame Chairwoman.